

Message Text

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PAGE 01 BRUSSE 06633 01 OF 02 051714Z
ACTION EUR-12

INFO OCT-01 EA-10 IO-13 ISO-00 SSO-00 INRE-00 AID-05
CEA-01 CIAE-00 COME-00 EB-08 FRB-03 INR-10
NSAE-00 SP-02 STR-07 TRSE-00 LAB-04 SIL-01 OMB-01
SS-15 /093 W

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O 051653Z APR 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC IMMEDIATE 5864
INFO ALL EC CAPITALS
AMEMBASSY TOKYO
USMISSION GENEVA

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USEEC, PARIS ALSO FOR USOECD

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E.O. 11652: N/A
TAGS: EEC, JA, ETRD
SUBJ: EC FOREIGN MINISTERS COUNCIL, APRIL 4, 1978:
TRADE RELATIONS WITH JAPAN

REFS: (A) TOKYO 4809; (B) TOKYO 4835; (C) TOKYO 5002;
(D) TOKYO 5039; (E) BRUSSELS 6482; (F) BRUSSELS 2359
(G) BRUSSELS 2431

1. SUMMARY: IN PREPARATION FOR DISCUSSION OF EC/JAPAN
TRADE RELATIONS AT THE APRIL 7-8 EUROPEAN COUNCIL IN
COPENHAGEN, THE APRIL 4 EC FOREIGN MINISTERS COUNCIL
REVIEWED THE OUTCOME OF THE MARCH 22-24 CONSULTATIONS IN
TOKYO BETWEEN EC COMMISSION VICE PRESIDENT HAFERKAMP AND
JAPANESE MINISTER OF STATE FOR EXTERNAL ECONOMIC AFFAIRS
USHIBA (REFS A, B, C, D, AND E). ALTHOUGH COMMISSION
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PAGE 02 BRUSSE 06633 01 OF 02 051714Z

SPOKESMEN EMPHASIZED THAT NO MEMBER STATES CRITICIZED
THE OUTCOME OF THE TOKYO TALKS, UK TRADE MINISTER DELL
TOLD THE PRESS THAT HE HAS GRAVE CONCERNS OVER THE JOINT
COMMUNIQUE SIGNED BY HAFERKAMP AND USHIBA. END SUMMARY.

2. ACCORDING TO A COMMISSION PRESS RELEASE, HAFERKAMP'S
REPORT TO THE COUNCIL ON HIS TOKYO CONSULTATIONS EMPHASI-

ZED THE FOLLOWING POINTS:

--THE COMMISSION RECOGNIZES THAT THE JOINT COMMUNIQUE DOES NOT GO AS FAR AS HAD BEEN HOPED;

--NEVERTHELESS, IN THE COMMISSION'S VIEW, THE COMMUNIQUE CONSTITUTES THE MAXIMUM THAT IT WAS POSSIBLE TO OBTAIN FROM THE JAPANESE GOVERNMENT UNDER PRESENT CIRCUMSTANCES, WITHOUT RISKING THE SERIOUS CONSEQUENCES OF A BREAK WITH JAPAN;

--ON THE OTHER HAND, IT CAN BE EXPECTED THAT THE JAPANESE GOVERNMENT WILL TAKE NEW MEASURES DURING THE COMING MONTHS TO STIMULATE INTERNAL DEMAND AND TO FACILITATE IMPORTS; AND

--NO COMMUNIQUE CAN ON ITS OWN RESOLVE THE PROBLEM OF TRADE RELATIONS WITH JAPAN, WHICH SHOULD BE THE SUBJECT OF CONTINUED CONSULTATIONS.

3. THE COMMISSION ASKED THAT THE COUNCIL TAKE NOTE OF THE JOINT COMMUNIQUE AS THE FIRST STEP IN A PERMANENT, ONGOING CONSULTATION AND REAFFIRM THE COMMON EC STRATEGY DEFINED BY THE COUNCIL ON FEBRUARY 7 (REFS F AND G). A COMMISSION SPOKESMAN TOLD REPORTERS THAT THE COUNCIL AGREED THE COMMISSION SHOULD:

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PAGE 03 BRUSSE 06633 01 OF 02 051714Z

--MONITOR THE DEVELOPMENT OF THE TRADE AND PAYMENTS SITUATIONS;

--EXAMINE WITH THE JAPANESE GOVERNMENT THE POSSIBILITY OF NEW MEASURES FOR APPLYING THE COMMON STRATEGY; AND

--REPORT BACK TO THE COUNCIL BY JUNE 27 AT THE LATEST.

THE SPOKESMAN SAID THE COMMISSION ALSO DREW TO THE COUNCIL'S ATTENTION THE NEED TO ACT AT THE COMMUNITY LEVEL, AVOIDING SEPARATE NEGOTIATIONS BETWEEN EC MEMBER STATES AND JAPAN.

4. BRITISH DISSATISFACTION WITH THE JOINT COMMUNIQUE WAS HERALDED IN A PRE-COUNCIL BACKGROUND PRESS BRIEFING BY UK PERM REP MAITLAND, WHO INDICATED THERE WAS SOME QUESTION AS TO WHETHER HAFERKAMP HAD BEEN RIGHT TO AGREE TO THE COMMUNIQUE. MAITLAND ADDED THAT FRANCE AND BELGIUM ALSO TAKE A STRONG LINE ON JAPANESE TRADE. TRADE MINISTER DELL TOLD REPORTERS AFTER THE MEETING THAT THE

COUNCIL HAD TAKEN A "SOMEWHAT SKEPTICAL VIEW" ABOUT WHAT HAD BEEN ACHIEVED IN TOKYO. HE SAID THE MINISTERS AGREED ON THE NEED TO KEEP PRESSURE ON THE JAPANESE TO REDUCE THEIR TRADE SURPLUS AND IMPROVE THEIR MTN TARIFF OFFER, AS WELL AS ON THE NEED FOR CONTINUED MONITORING OF STEPS THE JAPANESE ARE TAKING IN THESE DIRECTIONS. HE EXPRESSED HOPE THAT PRIME MINISTER FUKUDA WILL BRING A SUITABLE PLAN WITH HIM TO THE BONN WESTERN ECONOMIC SUMMIT, BUT HE ASSERTED THERE IS SOME RELUCTANCE ON THE PART OF EC MEMBER STATES TO "COME TO A TOO RAPID CONCLUSION AS TO WHAT CAN BE ACHIEVED." DELL EMPHASIZED THAT THE UK "DOES NOT WISH TO QUARREL" WITH HAFERKAMP'S DECISION TO

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PAGE 01 BRUSSE 06633 02 OF 02 051715Z
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SIGN THE COMMUNIQUE, ADDING THAT OTHER MEMBER STATES TAKE THE VIEW THAT THE EC SHOULD AVOID THE "APPEARANCE OF BREAKDOWN AT THIS SENSITIVE POINT IN EC/JAPANESE RELATIONS." DELL ALLEGED, NEVERTHELESS, THAT, FAR FROM REPRESENTING SIGNIFICANT PROGRESS, THE COMMUNIQUE ACTUALLY CONSTITUTES A STEP BACKWARD ON SOME POINTS. DELL RECALLED THAT JAPAN HAD PLEDGED IN JANUARY TO REDUCE ITS FISCAL YEAR 78 SURPLUS TO \$6 BILLION AND TO ACHIEVE TRADE BALANCE IN FISCAL YEAR 79. POINTING OUT THAT THE COMMUNIQUE (PARA 11, REF B) SPEAKS IN TERMS OF A FISCAL YEAR 78 SURPLUS ABOUT ONE-THIRD SMALLER THAN FOR FISCAL YEAR 77, DELL SAID THAT THE \$13-14 BILLION SURPLUS FOR 77 MIGHT BE FOLLOWED BY A \$10-11 BILLION SURPLUS IN 78, WHICH HE TERMED SLIGHT PROGRESS.

5. IN A SEPARATE BACKGROUND BRIEFING, DELL WAS EVEN MORE FORCEFUL. HE INSISTED THAT HAFERKAMP SHOULD NOT HAVE SIGNED AND THAT ALL NOW DEPENDS ON WHAT FUKUDA BRINGS TO BONN. MORRIS

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